

Message Text

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TO SECSTATE WASHDC 1059

INFO AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: PINT, PGOV, UK

SUBJECT: WILSON SEEKS TO ASSERT CONTROL AND RESTORE CONFIDENCE

SUMMARY - HAVING BEEN ABSENT FOR NEARLY TWO WEEKS, PRIME MINISTER WILSON RETURNED TO FIND THE GOVERNMENT IN SLIGHT DISARRAY, THE MEDIA EXERCISED AND THE ECONOMY SLIPPING.

IN AN ATTEMPT TO STEM THESE CURRENTS, HE GAVE TWO MAY 11 INTERVIEWS WHICH WERE BROADCAST THROUGHOUT THE NATION. APPEARING ON INDEPENDENT TELEVISION AND BBC RADIO, HE RE-

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VIEWED THE CURRENT ECONOMIC AND POLITICAL SITUATION AND

GAVE SOME INDICATION OF HOW HE INTENDED TO GRAPPLE WITH THE PROBLEMS FACING HMG. THIS CABLE COVERS THE POLITICAL ASPECTS OF HIS REMARKS; THE ECONOMIC/INDUSTRIAL RELATIONS CONTENT WILL BE DEALT WITH SEPARATELY. WILSON AFFIRMED THAT COLLECTIVE CABINET RESPONSIBILITY WILL BE IMPOSED AGAIN AFTER THE REFERENDUM, DISCOUNTED RECENT CONTROVERSIAL STATEMENTS OF INDUSTRY SECRETARY BENN AND CONFIRMED SPECULATION THAT THE CABINET WILL BE RESHUFFLED ONCE THE EC QUESTION IS RESOLVED. HE ALSO DISMISSED RECENT SPECULATION CONCERNING COALITION GOVERNMENT. HIS PERFORMANCE WAS SKILLED AND REFLECTED CONFIDENCE. THE LABOR PARTY'S LEFT-WING, HOWEVER, IS BECOMING INCREASINGLY RESTIVE, ADDING TO HIS OTHER PROBLEMS. END SUMMARY.

1. RETURNING TO LONDON AFTER NEARLY TWO WEEKS IN JAMAICA AND THE U.S., WILSON FOUND GROWING DISORDER IN LABOR'S RANKS AND THE MEDIA PREOCCUPIED WITH BRITAIN'S CONTINUING DECLINE. IN AN EFFORT TO RESTORE PUBLIC CONFIDENCE IN THE LABOR GOVERNMENT AND ITS VIEWS HE WAS HIGHLY CRITICAL OF BRITISH MEDIA AND "THE COCKTAIL CIRCUIT IN THE SQUARE MILE OF LONDON" WHICH, HE ASSERTED, HAD SENSATIONALIZED SOME ILL-INFORMED U.S. COMMENTARY (THE SEVAREID REPORT) ABOUT BRITAIN OUT OF ALL PROPORTION. HE ACKNOWLEDGED, HOWEVER, THAT THE UK FACES VERY SERIOUS ECONOMIC PROBLEMS, ESPECIALLY INFLATION. WILSON ALSO SPOKE ABOUT UNEMPLOYMENT, THE INDUSTRIAL RELATIONS SITUATION (SEPTOL) AND POLITICAL DIFFICULTIES FACING HIS GOVERNMENT.

2. HE POINTED OUT THAT COLLECTIVE CABINET RESPONSIBILITY, WHICH HAS BEEN SUSPENDED BECAUSE OF THE UNIQUE CIRCUMSTANCES OF THE JUNE 5 EC REFERENDUM, WILL BE REESTABLISHED ON JUNE 6. AFTER THAT TIME, HE SAID, ANY CABINET MINISTER WHO CANNOT ACCEPT THE DECISIONS OF THE CABINET WILL RETIRE TO THE "FULL AND SATISFYING" LIFE OF A BACKBENCHER. WILSON THEN DISAVOWED RECENT STATEMENTS OF INDUSTRY SECRETARY BENN, LIKENING HIM TO A LATTER-DAY BIBLICAL PROPHET CALLING FOR A "NEW JERUSALEM", AND POINTING OUT THAT ECONOMIC POLICY MATTERS ARE DETERMINED BY THE FULL CABINET NOT A SINGLE MINISTER. HE ALSO SUGGESTED THAT HE WILL RESHUFFLE THE CABINET FOLLOWING THE REFERENDUM, APPARENTLY LIMITED OFFICIAL USE

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ONLY CONFIRMING SPECULATION THAT A POST-REFERENDUM SHAKE-UP IS IN THE CARDS. DURING HIS DISCOURSE WILSON MINIMIZED THE SIGNIFICANCE OF DIVISIONS WITHIN THE LABOR PARTY.

3. ASKED ABOUT THE POSSIBILITY OF COALITION GOVERNMENT, WILSON UNEQUIVOCALLY STATED THAT NEITHER HE NOR THE LABOR PARTY WOULD ENTERTAIN SUCH A POSSIBILITY OR PARTICIPATE

IN SUCH A GOVERNMENT. AS MIGHT BE EXPECTED, HE TOOK THE OPPORTUNITY TO KNOCK BOTH THE CONSERVATIVES -- THEY HAVE NO POLICY, HE SAID -- AND THE LIBERALS.

4. COMMENT: WILSON'S APPEARANCE ON NATION-WIDE TELEVISION AND RADIO WAS DESIGNED TO REASSURE THE BRITISH PUBLIC AS TO HIS GOVERNMENT'S CONTINUED ABILITY TO DEAL WITH THE PROBLEMS AHEAD AND TO STEM DECLINING BUSINESS CONFIDENCE. IT WAS AN ARTFUL, LOW-KEY PERFORMANCE, AND CARRIED THE DESIRED MESSAGE. WHETHER HE WILL ACHIEVE HIS CONFIDENCE BUILDING GOALS WITHOUT MORE DEFINITE ACTION, HOW-

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EVER, IS HIGHLY PROBLEMATICAL.

5. WILSON'S PROMISE TO REASSERT COLLECTIVE CABINET RESPONSIBILITY AFTER JUNE 5 IS NOTHING NEW, NOR WAS HIS REAFFIRMATION THAT GOVERNMENT POLICY IS DETERMINED BY THE CABINET AS A WHOLE. HIS CRITICISM OF BENN, HOWEVER, WAS THE MOST DIRECT REBUKE OF ANY CABINET OFFICIAL IN RECENT MONTHS, AND SEEMS TO REINFORCE THE VIEW THAT BENN WILL BE THE PRINCIPAL TARGET IN THE CABINET REORGANIZATION. FOR SOME TIME IT HAS GENERALLY BEEN ACCEPTED THAT AN AFFIRMATIVE VOTE ON THE REFERENDUM WOULD MEAN THAT BENN, TRADE LIMITED OFFICIAL USE

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SECRETARY PETER SHORE AND OVERSEAS DEVELOPMENT MINISTER JUDITH HART COULD NOT RETAIN THEIR PRESENT PORTFOLIOS BECAUSE OF THE LEADING ROLES THEY HAVE PLAYED IN THE ANTI-EC CAMPAIGN. THEIR ASSIGNMENT TO OTHER PORTFOLIOS, HOWEVER, COULD UPSET THE PRESENT BALANCE IN THE CABINET AND ADD TO RISING LEFT-WING DISCONTENT IN THE PARLIAMENTARY LABOR PARTY (PLP). RECENT CONVERSATIONS WITH MEMBERS OF THE TRIBUNE GROUP HAVE REVEALED A GROWING DISSATISFACTION WITH THE GOVERNMENT, ESPECIALLY OVER DEFENSE EXPENDITURES (LONDON 7065), THE PROSPECTS THAT BRITAIN WILL REMAIN IN THE EC, UNEMPLOYMENT, THE GOVERNMENT'S ORTHODOX APPROACH TO INFLATION AND RELATED ECONOMIC PROBLEMS, AND THEIR OWN EVIDENT INABILITY TO INFLUENCE GOVERNMENT POLICIES. A CABINET SHUFFLE THAT APPEARED TO DIMINISH LEFT-WING INFLUENCE IN GOVERNMENT MIGHT, ACCORDINGLY, TRIGGER AN OPEN REBELLION, THEREBY COMPELLING WILSON TO RELY ON THE OPPOSITION IN ORDER TO ENACT ONE OR MORE GOVERNMENT POLICIES. WHETHER SUCH A DEVELOPMENT WOULD LEAD TO A DURABLE, DE-FACTO COALITION GOVERNMENT, AS SOME OBSERVERS, INCLUDING LIBERAL LEADER JEREMY THORPE, NOW HOPE, IS IN OUR VIEW DOUBTFUL.

RICHARDSON

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